

BOB GOODLATTE, VIRGINIA,
CHAIRMAN

JOHN A. BOEHNER, OHIO,
VICE CHAIRMAN

RICHARD W. POMBO, CALIFORNIA
TERRY EVERETT, ALABAMA
FRANK D. LUCAS, OKLAHOMA
JERRY MORAN, KANSAS
WILLIAM L. JENKINS, TENNESSEE
GIL GUTKNECHT, MINNESOTA
ROBIN HAYES, NORTH CAROLINA
TIMOTHY V. JOHNSON, ILLINOIS
TOM OSBORNE, NEBRASKA
MIKE PENCE, INDIANA
SAM GRAVES, MISSOURI
JO BONNER, ALABAMA
MIKE ROGERS, ALABAMA
STEVE KING, IOWA
MARILYN N. MUSGRAVE, COLORADO
DEVIN NUNES, CALIFORNIA
RANDY NEUGEBAUER, TEXAS
CHARLES W. BOUSTANY, JR., LOUISIANA
JOHN J.H. "JOE" SCHWARZ, MICHIGAN
JOHN R. "RANDY" KUHLMAN, NEW YORK
VIRGINIA FOXX, NORTH CAROLINA
K. MICHAEL CONAWAY, TEXAS
JEFF FORTENBERRY, NEBRASKA

U.S. House of Representatives
Committee on Agriculture
Room 1301, Longworth House Office Building
Washington, DC 20515-6001

(202) 225-2171
(202) 225-0917 FAX

May 18, 2005

COLLIN C. PETERSON, MINNESOTA,
RANKING MINORITY MEMBER

TIM HOLDEN, PENNSYLVANIA
MIKE MCINTYRE, NORTH CAROLINA
BOB EATHERIDGE, NORTH CAROLINA
JOE BACA, CALIFORNIA
ED CASE, HAWAII
DENNIS A. CARDOZA, CALIFORNIA
DAVID SCOTT, GEORGIA
JIM MARSHALL, GEORGIA
STEPHANIE HERSETH, SOUTH DAKOTA
G.K. BUTTERFIELD, NORTH CAROLINA
HENRY CUELLAR, TEXAS
CHARLIE MELANCON, LOUISIANA
JIM COSTA, CALIFORNIA
JOHN T. SALAZAR, COLORADO
JOHN BARROW, GEORGIA
EARL POMEROY, NORTH DAKOTA
LEONARD L. BOSWELL, IOWA
RICK LARSEN, WASHINGTON
LINCOLN DAVIS, TENNESSEE
BEN CHANDLER, KENTUCKY

WILLIAM E. O'CONNOR, JR.,
STAFF DIRECTOR
KEVIN J. KRAMP,
CHIEF COUNSEL
ROBERT L. LAREW,
MINORITY STAFF DIRECTOR

The Honorable Mike Johanns
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Secretary:

As debate of the Central America Free Trade Agreement (CAFTA) unfolds, America's farmers and ranchers are growing more and more confused by the empty promises being made about CAFTA.

Much of this confusion stems from the fact that the U.S. Department of Agriculture regularly cites economic projections generated by groups that are decidedly pro-CAFTA and overly optimistic.

Why has the USDA chosen to promote the inflated projections of a private group rather than relying on the government's own economic projections made by the U.S. International Trade Commission (ITC), an independent federal agency?

ITC projections show a mere \$328 million in increased agricultural exports after CAFTA is fully implemented in 2024. Yet, the USDA consistently quotes projections made by the American Farm Bureau Federation (AFBF) that are nearly \$1.2 billion higher. Are the ITC projections incorrect?

More importantly, why has USDA not conducted its own analysis of the potential benefits of CAFTA for US farmers and ranchers? In March 2004, the USDA's own Economic Research Service published a report on the Free Trade Agreement of the Americas (FTAA), even though that agreement is, at best, many years from implementation. As the potential impact of CAFTA is much more immediate, it seems more than reasonable to suggest that ERS conduct an analysis of CAFTA, which could use some of the same data used in their report on the FTAA.

According to the FTAA report, a free trade agreement would result in additional U.S. **agricultural exports to Central America and the Caribbean of \$649 million and additional**

imports of \$311 million. This is a net gain of only \$338 million. So, at first glance, USDA's own analysis seems to lend greater credence to the ITC projection of \$328 million than to the inflated projections from AFBF.

Many people, including myself, would argue that the ITC's and USDA's estimates are exaggerated, considering that similar estimates made about NAFTA proved to be far from accurate. However, they are not nearly as inflated as the estimates that USDA officials are currently using.

The AFBF projections currently being promoted by the USDA are misleading American farmers and ranchers. For example, the estimate shows large increases in wheat exports under CAFTA, even though the ITC report stated: "U.S. wheat exports to the CA/DR region face no tariffs... and thus are not likely to be affected by the [Free Trade Agreement]."

The Farm Bureau study also predicts huge gains for rice farmers, even though the ITC study found that CAFTA actually grants rice producers *less* immediate market access in CAFTA countries than they currently enjoy.

Members of Congress and American voters alike deserve to hear the truth about CAFTA. We do not deserve the same empty, politicized promises that were made under NAFTA.

The bottom line is that CAFTA is not a farm agreement that's going to be a boon for agriculture. In fact, it will undermine our efforts to truly reform agricultural trade in the World Trade Organization.

It is inappropriate for the USDA to pick and choose among various economic projections when government sources are available, and I ask that USDA explain why this has been the case. I eagerly await your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Collin C. Peterson', followed by a long horizontal line.

Collin C. Peterson
Ranking Minority Member